

**FRUITLAND TOWNSHIP,  
MUSKEGON COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT**

**March 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

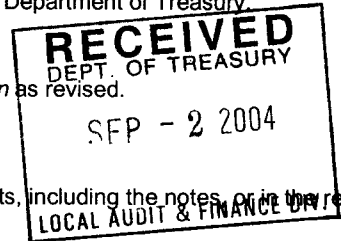
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Fruitland Township</b>	County <b>Muskegon</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>7/14/04</b>	Date Accountant Report Submitted to State: <b>8/18/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Hoffman, Steensma &amp; Plamondon, P.L.C.</b>			
Street Address <b>221 West Webster, Suite 502</b>		City <b>Muskegon</b>	State <b>MI</b>
Accountant Signature <i>Douglas A. Plamondon, CPA</i>		ZIP <b>49440</b>	Date <b>9-1-04</b>

# **FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Fruitland Township, Muskegon County, Michigan

We have audited the accompanying general purpose financial statements of Fruitland Township, Muskegon County, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of Fruitland Township, Muskegon County, Michigan. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Fruitland Township, Muskegon County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying combining and individual fund statements and other financial information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Fruitland Township, Muskegon County, Michigan. The information in these schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Hoffman, Steensma & Plamondon, P.L.C.*

July 14, 2004

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Combined Balance Sheet

### All Fund Types and Account Group

March 31, 2004

	Governmental Fund Types	
	General	Special Revenue
<b>ASSETS</b>		
Cash and cash equivalents (note A5 and B)	\$ 941,810	\$ 133,000
Receivables		
Accounts	215	-
Property taxes	13,172	-
Due from other funds	1,176	-
Due from other governmental units	48,013	-
Fixed assets (note A7 and C)	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,004,386</b>	<b>\$ 133,000</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>		
<u>Liabilities</u>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Due to other governmental units	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<u>Equity and other credits</u>		
Investment in general fixed assets	-	-
Fund balance (note A11)		
Reserved for enforcement activities - permits	11,261	-
Unreserved		
Designated (note G)	338,390	-
Undesignated	654,735	133,000
<b>Total equity and other credits</b>	<b>1,004,386</b>	<b>133,000</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 1,004,386</b>	<b>\$ 133,000</b>

The notes to the financial statements are an integral part of this statement.

<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
<u>Agency</u>	<u>General Fixed Assets</u>	
\$ 35,575	\$ -	\$ 1,110,385
-	-	215
-	-	13,172
-	-	1,176
-	-	48,013
-	1,816,894	1,816,894
\$ 35,575	\$ 1,816,894	\$ 2,989,855

\$ 33,396	\$ -	\$ 33,396
1,176	-	1,176
1,003	-	1,003
35,575	-	35,575
-	1,816,894	1,816,894
-	-	11,261
-	-	338,390
-	-	787,735
-	1,816,894	2,954,280
\$ 35,575	\$ 1,816,894	\$ 2,989,855

**FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance**  
**All Governmental Fund Types**  
**Year Ended March 31, 2004**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<b>Revenues</b>			
Property taxes	\$ 245,985	\$ -	\$ 245,985
Licenses and permits	113,488	2,193	115,681
State shared revenues	359,689	-	359,689
State grant	10,261	-	10,261
Charges for services	99,090	-	99,090
Interest	10,444	873	11,317
Other	4,659	-	4,659
Sale of fixed assets	-	34,976	34,976
<b>Total revenues</b>	<b>843,616</b>	<b>38,042</b>	<b>881,658</b>
<b>Expenditures</b>			
Current			
Legislative	72,746	-	72,746
General government	266,545	-	266,545
Public safety	179,419	-	179,419
Public works	100,838	-	100,838
Recreation and culture	43,990	-	43,990
Other	129,647	-	129,647
Capital outlay	18,334	-	18,334
<b>Total expenditures</b>	<b>811,519</b>	<b>-</b>	<b>811,519</b>
Excess of revenues over expenditures	32,097	38,042	70,139
Other financing sources (uses)			
Operating transfers in	2,193	-	2,193
Operating transfers out	-	(2,193)	(2,193)
<b>Total other financing sources (uses)</b>	<b>2,193</b>	<b>(2,193)</b>	<b>-</b>
Excess of revenues and other sources over expenditures and other uses	34,290	35,849	70,139
Fund balance at beginning of year	970,096	97,451	1,067,547
Fund balance at end of year	\$ 1,004,386	\$ 133,300	\$ 1,137,686

The notes to the financial statements are an integral part of this statement.

**FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - General and Special Revenue Funds**  
**Year Ended March 31, 2004**

	General Fund		
	Amended Budget	Actual	Variance favorable (unfavorable)
<b>Revenues</b>			
Property taxes	\$ 232,812	\$ 245,985	\$ 13,173
Licenses and permits	113,488	113,488	-
State shared revenues	311,702	359,689	47,987
State grant	10,261	10,261	-
Charges for services	99,090	99,090	-
Interest	12,881	10,444	(2,437)
Other	4,659	4,659	-
Sale of fixed assets	-	-	-
<b>Total revenues</b>	<b>784,893</b>	<b>843,616</b>	<b>58,723</b>
<b>Expenditures</b>			
Current			
Legislative	72,563	72,746	(183)
General government	266,545	266,545	-
Public safety	179,419	179,419	-
Public works	272,584	100,838	171,746
Recreation and culture	43,990	43,990	-
Other	129,647	129,647	-
Capital outlay	18,334	18,334	-
<b>Total expenditures</b>	<b>983,082</b>	<b>811,519</b>	<b>171,563</b>
<b>Excess of revenues over expenditures</b>	<b>(198,189)</b>	<b>32,097</b>	<b>230,286</b>
<b>Other financing sources (uses)</b>			
Operating transfers in	-	2,193	2,193
Operating transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,193</b>	<b>2,193</b>
<b>Excess of revenues and other sources over expenditures and other uses</b>	<b>(198,189)</b>	<b>34,290</b>	<b>232,479</b>
<b>Fund balance beginning of year</b>	<b>970,096</b>	<b>970,096</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ 771,907</b>	<b>\$ 1,004,386</b>	<b>\$ 232,479</b>

The notes to the financial statements are an integral part of this statement.



Special Revenue Funds		
Amended Budget	Actual	Variance favorable (unfavorable)
\$ -	\$ -	\$ -
2,190	2,193	3
-	-	-
-	-	-
-	-	-
870	873	3
-	-	-
34,900	34,976	76
37,960	38,042	82
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
37,960	38,042	82
-	-	-
(2,190)	(2,193)	(3)
(2,190)	(2,193)	(3)
35,770	35,849	79
97,451	97,451	-
\$ 133,221	\$ 133,300	\$ 79

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Notes to General Purpose Financial Statements

March 31, 2004

### Note A - Summary of Significant Accounting Policies

#### 1. Financial Reporting Entity

Fruitland Township, Muskegon County, Michigan was incorporated in 1869. The township operates under an elected board composed of a supervisor, clerk, treasurer and two trustees and provides the following services as authorized by its charter: public works, public improvements, planning and zoning, recreation and culture and general administrative services. The accounting policies of Fruitland Township, Muskegon County, Michigan conform to generally accepted accounting principles as applicable to townships.

As required by generally accepted accounting principles, Governmental Accounting Standards Board (GASB) Statement 14, the financial statements present the township (the primary government) and its component units, entities for which the township is considered to be financially accountable. Based upon the application of these criteria, there were no component units required to be included in the financial reporting entity of the township.

Joint Ventures - The township participates in the following joint ventures:

#### •White Lake Ambulance Authority

The township is a member of White Lake Ambulance Authority, which was organized to provide emergency medical services to its member units. It is a joint venture of seven governmental units governed by a board composed of one representative of each of the respective member units. It is financed through charges to persons who use the services at rates determined by the authority with any operating deficit at year end being made up by the member units in proportion to their population determined by the last census. The township does not report an equity interest in this joint venture in these financial statements because the township does not have an explicit and measurable right to the joint venture's resources. The township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the June 30, 2003, audit report of White Lake Ambulance Authority follows:

<b>Assets</b>	
Current	\$ 449,613
Long-term	274,659
<b>Total assets</b>	<b>\$ 724,272</b>
<b>Liabilities</b>	
Current	\$ 66,629
Long-term	-
<b>Total liabilities</b>	<b>\$ 66,629</b>
<b>Total fund equity</b>	<b>\$ 657,643</b>
Operating revenues	\$ 656,727
Operating expenses	(839,573)
Nonoperating revenues	133,045
<b>Net income (loss)</b>	<b>\$ (49,801)</b>

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Notes to General Purpose Financial Statements - Continued

March 31, 2004

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### Note A - Summary of Significant Accounting Policies (continued)

#### 1. Financial Reporting Entity (continued)

##### Joint Ventures (continued)

Complete financial statements for White Lake Ambulance Authority can be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

##### •White Lake Fire Authority

The township is a member of White Lake Fire Authority, which was organized to provide fire protection and rescue services to its member units. It is a joint venture of three governmental units governed by a board composed of representatives from each of the respective member units. The joint venture is financed through a special millage based upon taxable valuation of property. The township does not report an equity interest in this joint venture in these financial statements because the township does not have an explicit and measurable right to the joint venture's resources. The township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Financial information based on the December 31, 2003, audit report of White Lake Fire Authority follows:

Total assets	\$	520,930
Total liabilities		19,487
Fund balance	\$	501,443
<hr/>		
Revenues	\$	446,691
Expenditures		(489,799)
Revenues under expenditures	\$	(43,108)
<hr/>		
General fixed assets	\$	898,474

Complete financial statements for White Lake Fire Authority can be obtained from offices at the City of Whitehall, 405 East Colby Street, Whitehall, Michigan 49461.

#### 2. Fund Accounting

The accounts of the township are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities of governmental funds that are not recorded in those funds because they do not directly affect net expendable available financial resources.

The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

# **FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**

## **Notes to General Purpose Financial Statements - Continued**

March 31, 2004

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### **Note A - Summary of Significant Accounting Policies (continued)**

#### **2. Fund Accounting (continued)**

##### **Governmental Funds**

###### **General Fund**

The general fund is the general operating fund of the township. The fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the township. Revenues are derived primarily from property taxes, licenses and permits and state shared revenues.

###### **Special Revenue Funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

##### **Fiduciary Funds**

###### **Agency Funds**

The agency funds are used to account for assets held by the township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

##### **Account Group**

###### **General Fixed Assets Account Group**

The general fixed assets account group is used to account for the township's fixed assets.

#### **3. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focuses. All governmental funds are accounted for using the flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund and agency fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

"Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The township considers property taxes, special assessments, licenses, interest revenue and charges for sales and services as susceptible to accrual if the amount was due on or before fiscal year end and collection was within two months after year end. All other revenue is recognized as payments are received. Expenditures are recorded when the related fund liability is incurred.

# **FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**

## **Notes to General Purpose Financial Statements - Continued**

**March 31, 2004**

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### **Note A - Summary of Significant Accounting Policies (continued)**

#### **4. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the general and special revenue funds. The township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to March 31, the township board reviews a proposed operating budget for the fiscal year commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted at the township hall to obtain taxpayer comments.
- At the first regular meeting after the annual meeting, the budget is legally adopted.
- Budgeted amounts are presented as originally adopted, or as amended by the board of trustees before March 31, 2004. Individual amendments were not material in relation to the original appropriations which were amended.
- Formal budgetary integration is employed as a management control device during the year for the general and the special revenue funds.
- Budgetary control is exercised at the department level.
- Budgets as presented are prepared on the modified accrual basis of accounting.
- All budgetary appropriations lapse at the end of the year.

#### **5. Deposits and Investments**

Statutes authorize the township to deposit and invest in the following:

- In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.
- In certificates of deposit, saving accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation, a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- In United States government or federal agency obligation repurchase agreements.
- In banker's acceptance of United States banks.
- In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

# **FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**

## **Notes to General Purpose Financial Statements - Continued**

**March 31, 2004**

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### **Note A - Summary of Significant Accounting Policies (continued)**

#### **5. Deposits and Investments (continued)**

- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The township board has authorized the township to invest in the National City Municipal Investment Fund. The township's investment in this fund is classified as 'cash and cash equivalents' on the combined balance sheet.

Cash and cash equivalents are amounts that can be withdrawn at anytime, similar to a demand deposit account.

Investments with a maturity of greater than one year at the date of purchase are stated at fair value, and all other investments are stated at cost or amortized cost.

#### **6. Property Taxes**

Property taxes attach as enforceable liens on property as of December 1. Taxes are levied on December 1 for the following year and are payable from the date of levy through March 1 and are recognized as revenue when levied. The township bills and collects its own property taxes and also taxes for the county and school districts. Collections of all the taxes and remittance of them to other taxing authorities are accounted for in the tax collection fund.

The 2003 adjusted taxable value of the township totaled \$184,148,308, on which ad valorem taxes levied consisted of 0.9321 mill for the general operations of the township.

The 2003 state equalized value of the township was \$258,476,600.

#### **7. Fixed Assets**

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. For financial reporting purposes, depreciation is not recorded on general fixed assets.

Fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The township does not capitalize interest costs incurred during construction of governmental fund assets. Public domain "infrastructure" general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets.

#### **8. Compensated Absences**

Township employees are granted vacation and sick leave which are accounted for on the cash basis as the amounts are immaterial. In the event that the amounts become material, the township would follow the accounting and reporting principles outlined in GASB 16, with regard to employees vacation and sick leave.

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Notes to General Purpose Financial Statements - Continued

March 31, 2004

### Note A - Summary of Significant Accounting Policies (continued)

#### 9. Encumbrances

Encumbrance accounting, under which purchase orders, contract and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not a legal requirement of the township and thus is not employed.

#### 10. Total Columns on Combined Statements

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### 11. Fund Equity

Reservations of fund balance and retained earnings represent amounts that are not appropriable or are legally segregated for a specific purpose.

### Note B - Cash, Cash Equivalents and Investments

#### Deposits

At year-end, the carrying amount of the township's deposits was \$177,790 and the bank balance was \$198,722. Of the bank balance, \$198,722 was covered by federal depository insurance.

The township's deposits are categorized below according to level of credit risk:

- Category 1 represents the township's insured or collateralized deposits with securities held by the township or by its agent in the township's name.
- Category 2 represents the township's collateralized deposits with securities held by the pledging financial institution's trust department or agent in the township's name.
- Category 3 represents the township's uncollateralized deposits including any bank balances that are collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the township's name.

	Category			Bank	Carrying
	1	2	3	Balance	Amount
Demand deposits \$	198,722	\$ -	\$ -	\$ 198,722	\$ 177,790

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Notes to General Purpose Financial Statements - Continued

March 31, 2004

### Note B - Cash, Cash Equivalents and Investments (continued)

#### Investments

Investments are categorized below to give an indication of the level of risk assumed by the township at year end:

- Category 1 includes investments that are insured or registered for which the securities are held by the township or by its agent in the township's name.
- Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the township's name.
- Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the township's name.

	Carrying Amount
Investments not subject to categorization:	
Municipal investment fund	\$ 932,595

### Note C - Fixed Assets

A summary of changes in general fixed assets for the year follows:

	Balance April 1, 2003	Additions	Balance March 31, 2004
Land and improvements	\$ 624,748	\$ -	\$ 624,748
Buildings and other improvements	601,485	-	601,485
Equipment	522,646	5,176	527,822
Office furniture	62,839	-	62,839
	\$ 1,811,718	\$ 5,176	\$ 1,816,894

### Note D - Defined Contribution Pension Plan

The township maintains a defined contribution retirement plan administered by Nationwide Retirement Systems that covers substantially all full-time employees. Participants may contribute up to 100% of their salaries to the plan and the township contributes 15% of each eligible employee's salary to the plan. The township's contribution for the year ended March 31, 2004 was \$33,168 and the employees' contribution was \$18,465.



# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Notes to General Purpose Financial Statements - Continued

March 31, 2004

### Note E - Risk Management

The township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The township manages its liability, property and insurance coverage as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The township pays an annual premium to MTPP for its insurance coverage. The MTPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The township carries commercial insurance for workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

### Note F - Excess of Expenditures over Appropriations in Budgetary Funds

P.A. 621 of 1978, section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2004, the township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

Fund	Amended Budget	Amount of Expenditure	Budget Variance
General			
Legislative			
Township board	\$ 72,563	\$ 72,746	\$ (183)

The expenditures over appropriations have either been paid by operating transfers from other funds or by the reduction of current fund balance.

### Note G - Designated Fund Balance

Unreserved fund balance designated for specific purposes is as follows:

<u>General Fund</u>	
Designated for road improvements	\$ 256,746
Designated for water and sewer system	80,000
Designated for Metro Act	1,644
	<u>\$ 338,390</u>

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Notes to General Purpose Financial Statements - Continued

March 31, 2004

### Note H - State Construction Code Act

P.A. 245 of 1999, section 22(1) of the State Construction Code Act, requires fees generated by enforcing agencies or construction board of appeals is intended to bear a reasonable relationship to the actual cost of performing those services.

The fees generated by the township's enforcing agencies and the costs of providing those services were as follows for the year ended March 31, 2004:

<b>Revenues</b>	
<u>Enforcement fees - building permits</u>	<u>\$ 98,540</u>
<b>Expenditures</b>	
Salaries	60,244
Payroll taxes and fringe benefits	21,437
Reimbursement	1,357
Supplies	2,911
Utilities	6,651
Contracting	22,389
Education and dues	1,586
<u>Total expenditures</u>	<u>116,575</u>
Deficiency of revenues under expenditures	(18,035)
<u>Excess from prior year</u>	<u>29,296</u>
<u>Reserved fund balance at end of year</u>	<u>\$ 11,261</u>

In accordance with the act, the cumulative excess of revenues over expenditures is shown in the general fund as reserved for enforcement activities – permits.

### Note I - Subsequent Year Information

#### Change in Accounting Principle

Effective April 1, 2004, the township adopted GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments Omnibus*. GASB 34 significantly changes the format of the township's financial statements. Among the changes required by GASB 34, the financial statements will for the first time include:

- A management discussion and analysis (MD&A) section providing analysis of the township's overall financial position and results of operations.
- Government-wide financial statements prepared using full accrual accounting for all of the township's activities.
- Depreciation on all fixed assets.

Also effective April 1, 2004, the township adopted GASB 38, *Certain Financial Statement Note Disclosures*. GASB 38 modifies note disclosures required by GAAP.

**SUPPLEMENTAL FINANCIAL INFORMATION**

**GENERAL FUND**

The general fund is used to account for all revenues and expenditures applicable to the general operations of township government except those required to be accounted for in another fund. General fund revenues are derived primarily from property taxes, licenses and permits and state shared revenues.

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## General Fund

### Schedule of Revenues and Other Financing Sources - Budget and Actual

Year Ended March 31, 2004

	Amended Budget	Actual	Variance favorable (unfavorable)
Revenues			
Property taxes	\$ 232,812	\$ 245,985	\$ 13,173
Licenses and permits			
Cable television fees	14,691	14,691	-
Building permits	64,836	64,836	-
Other licenses and permits	33,961	33,961	-
Total licenses and permits	113,488	113,488	-
State shared revenues	311,702	359,689	47,987
State grant	10,261	10,261	-
Charges for services			
Zoning fees	5,190	5,190	-
Ecology station	51,400	51,400	-
Rental charges	5,800	5,800	-
Cemetery	9,325	9,325	-
Museum receipts	19,119	19,119	-
Blueberry festival	6,796	6,796	-
Other charges for services	1,460	1,460	-
Total charges for services	99,090	99,090	-
Interest	12,881	10,444	(2,437)
Other	4,659	4,659	-
Total revenues	784,893	843,616	58,723
Other financing sources			
Operating transfers in	-	2,193	2,193
Total revenues and other financing sources	\$ 784,893	\$ 845,809	\$ 60,916

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## General Fund

### Schedule of Expenditures - Budget and Actual

Year Ended March 31, 2004

	Amended Budget	Actual	Variance favorable (unfavorable)
<b>Expenditures</b>			
<b>Current</b>			
<b>Legislative</b>			
Township board	\$ 72,563	\$ 72,746	\$ (183)
<b>General government</b>			
Township supervisor	30,978	30,978	-
Elections	1,128	1,128	-
Assessor	52,603	52,603	-
Professional services	26,804	26,804	-
Clerk	31,042	31,042	-
Board of review	915	915	-
Treasurer	31,957	31,957	-
Township hall	42,065	42,065	-
Township property	37,910	37,910	-
Cemetery	11,143	11,143	-
<b>Total general government</b>	<b>266,545</b>	<b>266,545</b>	<b>-</b>
<b>Public safety</b>			
Police and constable	41,213	41,213	-
Ambulance protection	31,534	31,534	-
Building inspection	88,486	88,486	-
Planning commission	12,226	12,226	-
Board of appeals	5,960	5,960	-
<b>Total public safety</b>	<b>179,419</b>	<b>179,419</b>	<b>-</b>
<b>Public works</b>			
Drains	400	400	-
Highways and streets	215,444	43,698	171,746
Street lighting	11,085	11,085	-
Sanitation landfill	45,655	45,655	-
<b>Total public works</b>	<b>272,584</b>	<b>100,838</b>	<b>171,746</b>
<b>Recreation and culture</b>			
Parks and recreation	8,308	8,308	-
Museum	25,053	25,053	-
Township park - Nestrom	1,254	1,254	-
Blueberry Festival	9,375	9,375	-
<b>Total recreation and culture</b>	<b>43,990</b>	<b>43,990</b>	<b>-</b>

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## General Fund

### Schedule of Expenditures - Budget and Actual - Continued

Year Ended March 31, 2004

	Amended Budget	Actual	Variance favorable (unfavorable)
Expenditures (continued)			
Current			
Other			
Social security	\$ 19,108	\$ 19,108	\$ -
Insurance and bonds	77,371	77,371	-
Retirement	33,168	33,168	-
Total other	129,647	129,647	-
Capital outlay			
Township hall	5,177	5,177	-
Township property	3,570	3,570	-
Building inspection	8,687	8,687	-
Museum	900	900	-
Total capital outlay	18,334	18,334	-
Total expenditures	\$ 983,082	\$ 811,519	\$ 171,563

### **SPECIAL REVENUE FUNDS**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

**Liquor Law Enforcement Fund** - To account for activities related to liquor law enforcement, such as inspecting the liquor establishments within the township.

**Building and Site Fund** - To account for revenues designated by the township for future capital projects.



**FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**

**Special Revenue Funds**

**Combining Balance Sheet**

**March 31, 2004**

<b>ASSETS</b>		<b>Building and Site</b>
Cash and cash equivalents	\$	133,000
<b>FUND BALANCE</b>		
Unreserved		
Undesignated	\$	133,000

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Special Revenue Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balance Year Ended March 31, 2004

	Liquor Law Enforcement	Building and Site	Totals
Revenues			
Licenses and permits	\$ 2,193	\$ -	\$ 2,193
Interest	-	873	873
Sale of fixed assets	-	34,976	34,976
Total revenues	2,193	35,849	38,042
Expenditures			
Current			
Other	-	300	300
Excess of revenues over expenditures	2,193	35,549	37,742
Other financing uses			
Operating transfers out	(2,193)	-	(2,193)
Excess of revenues over expenditures and other financing uses	-	35,549	35,549
Fund balance at beginning of year	-	97,451	97,451
Fund balance at end of year	\$ -	\$ 133,000	\$ 133,000

**FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN**

**Liquor Law Enforcement Fund**

**Statement of Revenues, Expenditures and Changes in Fund Balance -**

**Budget and Actual**

**Year Ended March 31, 2004**

	Amended Budget	Actual	Variance favorable (unfavorable)
Revenues			
Licenses and permits	\$ 2,190	\$ 2,193	\$ 3
Other financing uses			
Operating transfers out	(2,190)	(2,193)	(3)
Excess of revenues over other financing uses	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Building and Site Fund

### Statement of Revenues, Expenditures and Changes in Fund Balance -

#### Budget and Actual

Year Ended March 31, 2004

	Amended Budget	Actual	Variance favorable (unfavorable)
Revenues			
Interest	\$ 870	\$ 873	\$ 3
Sale of fixed assets	34,900	34,976	76
Total revenues	35,770	35,849	79
Expenditures			
Current			
Other	300	300	-
Excess of revenues over expenditures	35,470	35,549	79
Fund balance at beginning of year	97,451	97,451	-
Fund balance at end of year	\$ 132,921	\$ 133,000	\$ 79

**AGENCY FUNDS**

Agency funds are used to account for assets held by the township in a trustee capacity for individuals, private organizations, other governments or other funds.

**Tax Collection Fund** - To account for levy, collection and payment of taxes levied for the general and other funds of the township, county and public school district.

**Special Escrow Fund** - To account for deposits held in escrow for ordinance violations, building inspections and other services.

# FRUITLAND TOWNSHIP, MUSKEGON COUNTY, MICHIGAN

## Agency Funds

### Statement of Changes in Assets and Liabilities

Year Ended March 31, 2004

	Balance April 1, 2003	Additions	Deductions	Balance March 31, 2004
<b><u>SPECIAL ESCROW</u></b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 9,329	\$ 24,053	\$ -	\$ 33,382
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 9,329	\$ 24,053	\$ -	\$ 33,382
<b><u>TAX COLLECTION</u></b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 9,992	\$ 5,999,728	\$ (6,007,527)	\$ 2,193
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ -	\$ 14	\$ -	\$ 14
Due to other funds	4,364	221,937	(225,125)	1,176
Due to other governmental units	5,628	5,777,777	(5,782,402)	1,003
<b>TOTAL LIABILITIES</b>	<b>\$ 9,992</b>	<b>\$ 5,999,728</b>	<b>\$ (6,007,527)</b>	<b>\$ 2,193</b>
<b><u>ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 19,321	\$ 6,023,781	\$ (6,007,527)	\$ 35,575
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 9,329	\$ 24,067	\$ -	\$ 33,396
Due to other funds	4,364	221,937	(225,125)	1,176
Due to other governmental units	5,628	5,777,777	(5,782,402)	1,003
<b>TOTAL LIABILITIES</b>	<b>\$ 19,321</b>	<b>\$ 6,023,781</b>	<b>\$ (6,007,527)</b>	<b>\$ 35,575</b>